

1                                    AMENDMENT TO HOUSE BILL 3336

2            AMENDMENT NO. \_\_\_\_\_. Amend House Bill 3336 by replacing  
3 everything after the enacting clause with the following:

4            "Section 5. The Deposit of State Moneys Act is amended  
5 by changing Sections 11 and 11.1 as follows:

6            (15 ILCS 520/11) (from Ch. 130, par. 30)

7            Sec. 11. Protection of public deposits; eligible  
8 collateral.

9            (a) For deposits not insured by an agency of the federal  
10 government, the State Treasurer, in his discretion, may  
11 accept as collateral any of the following classes of  
12 securities, provided there has been no default in the payment  
13 of principal or interest thereon:

14            (1) Bonds, notes, or other securities constituting  
15 direct and general obligations of the United States, the  
16 bonds, notes, or other securities constituting the direct  
17 and general obligation of any agency or instrumentality  
18 of the United States, the interest and principal of which  
19 is unconditionally guaranteed by the United States, and  
20 bonds, notes, or other securities or evidence of  
21 indebtedness constituting the obligation of a U.S. agency  
22 or instrumentality.

1           (2) Direct and general obligation bonds of the  
2 State of Illinois or of any other state of the United  
3 States.

4           (3) Revenue bonds of this State or any authority,  
5 board, commission, or similar agency thereof.

6           (4) Direct and general obligation bonds of any  
7 city, town, county, school district, or other taxing body  
8 of any state, the debt service of which is payable from  
9 general ad valorem taxes.

10          (5) Revenue bonds of any city, town, county, or  
11 school district of the State of Illinois.

12          (6) Obligations issued, assumed, or guaranteed by  
13 the International Finance Corporation, the principal of  
14 which is not amortized during the life of the obligation,  
15 but no such obligation shall be accepted at more than 90%  
16 of its market value.

17          (7) Illinois Affordable Housing Program Trust Fund  
18 Bonds or Notes as defined in and issued pursuant to the  
19 Illinois Housing Development Act.

20          (8) Any securities or other eligible collateral  
21 allowed under Section 1 of the Public Funds Deposit Act  
22 (30 ILCS 225/1) or subsection (d) of Section 6 of the  
23 Public Funds Investment Act (30 ILCS 235/6).

24          (b) The State Treasurer may establish a system to  
25 aggregate permissible securities received as collateral from  
26 financial institutions in a collateral pool to secure State  
27 deposits of the institutions that have pledged securities to  
28 the pool.

29          (c) The Treasurer may at any time declare any particular  
30 security ineligible to qualify as collateral when, in the  
31 Treasurer's judgment, it is deemed desirable to do so.

32          (d) Notwithstanding any other provision of this Section,  
33 as security the State Treasurer may, in his discretion,  
34 accept a bond, executed by a company authorized to transact

1 the kinds of business described in clause (g) of Section 4 of  
2 the Illinois Insurance Code, in an amount not less than the  
3 amount of the deposits required by this Section to be  
4 secured, payable to the State Treasurer for the benefit of  
5 the People of the State of Illinois, in a form that is  
6 acceptable to the State Treasurer.

7 (Source: P.A. 87-510; 87-575; 87-895; 88-93.)

8 (15 ILCS 520/11.1) (from Ch. 130, par. 30.1)

9 Sec. 11.1. The State Treasurer may, in his discretion,  
10 accept as security for State deposits insured certificates of  
11 deposit or share certificates issued to the depository  
12 institution pledging them as security and may require  
13 security in the amount of 125% of the value of the State  
14 deposit. Such certificate of deposit or share certificate  
15 shall:

16 (1) be fully insured by the Federal Deposit Insurance  
17 Corporation, the Federal Savings and Loan Insurance  
18 Corporation or the National Credit Union Share Insurance Fund  
19 or issued by a depository institution which is rated within  
20 the 3 highest classifications established by at least one of  
21 the 2 standard rating services;

22 (2) be issued by a financial institution having assets  
23 of \$15,000,000 ~~\$30,000,000~~ or more; and

24 (3) be issued by either a savings and loan association  
25 having a capital to asset ratio of at least 2%, by a bank  
26 having a capital to asset ratio of at least 6% or by a credit  
27 union having a capital to asset ratio of at least 4%.

28 The depository institution shall effect the assignment of  
29 the certificate of deposit or share certificate to the State  
30 Treasurer and shall agree, that in the event the issuer of  
31 the certificate fails to maintain the capital to asset ratio  
32 required by this Section, such certificate of deposit or  
33 share certificate shall be replaced by additional suitable

1 security.

2 (Source: P.A. 85-803.)

3 Section 10. The Public Funds Deposit Act is amended by  
4 changing Section 1 as follows:

5 (30 ILCS 225/1) (from Ch. 102, par. 34)

6 Sec. 1. Deposits. Any treasurer or other custodian of  
7 public funds may deposit such funds in a savings and loan  
8 association, savings bank, or State or national bank in this  
9 State. When such deposits become collected funds and are not  
10 needed for immediate disbursement, they shall be invested  
11 within 2 working days at prevailing rates or better. The  
12 treasurer or other custodian of public funds may require such  
13 bank, savings bank, or savings and loan association to  
14 deposit with him or her securities guaranteed by agencies and  
15 instrumentalities of the federal government equal in market  
16 value to the amount by which the funds deposited exceed the  
17 federally insured amount. Any treasurer or other custodian of  
18 public funds may accept as security for public funds  
19 deposited in such bank, savings bank, or savings and loan  
20 association any class of securities or other eligible  
21 collateral authorized by subsection (a), (b), or (c) of  
22 Section 11 of the Deposit of State Moneys Act (15 ILCS  
23 520/11), by Section 11.1 of the Deposit of State Moneys Act  
24 (15 ILCS 520/11.1), or by subsection (d) of Section 6 of the  
25 Public Funds Investment Act (30 ILCS 235/6). Such treasurer  
26 or other custodian is authorized to enter into an agreement  
27 with any such bank, savings bank, or savings and loan  
28 association, with any federally insured financial institution  
29 or trust company, or with any agency of the U.S. government  
30 relating to the deposit of such securities. Any such  
31 treasurer or other custodian shall be discharged from  
32 responsibility for any funds for which securities are so

1 deposited with him or her, and the funds for which securities  
2 are so deposited shall not be subject to any otherwise  
3 applicable limitation as to amount.

4 No bank, savings bank, or savings and loan association  
5 shall receive public funds as permitted by this Section,  
6 unless it has complied with the requirements established  
7 pursuant to Section 6 of the Public Funds Investment Act.

8 (Source: P.A. 91-211, eff. 7-20-99.)

9 Section 15. The State Officers and Employees Money  
10 Disposition Act is amended by changing Section 2c as follows:

11 (30 ILCS 230/2c) (from Ch. 127, par. 173a)

12 Sec. 2c. Every such officer, board, commission,  
13 commissioner, department, institution, arm or agency is  
14 authorized to demand and receive a bond and securities in  
15 amount and kind satisfactory to him from any bank or savings  
16 and loan association in which moneys held by such officer,  
17 board, commission, commissioner, department, institution, arm  
18 or agency for or on behalf of the State of Illinois, may be  
19 on deposit, such securities to be held by the officer, board,  
20 commission, commissioner, department, institution, arm or  
21 agency for the period that such moneys are so on deposit and  
22 then returned together with interest, dividends and other  
23 accruals to the bank or savings and loan association. The  
24 bond or undertaking and such securities shall be conditioned  
25 for the return of the moneys deposited in conformity with the  
26 terms of the deposit.

27 Whenever funds deposited with a bank or savings and loan  
28 association exceed the amount of federal deposit insurance  
29 coverage, a bond, ~~or~~ pledged securities, or other eligible  
30 collateral shall be obtained. Only the types of securities or  
31 other eligible collateral which the State Treasurer may, in  
32 his or her discretion, accept for amounts not insured by the

1 Federal Deposit Insurance Corporation or the Federal Savings  
2 and Loan Insurance Corporation under Section 11 of "An Act in  
3 relation to State moneys", approved June 28, 1919, as  
4 amended, may be accepted as pledged securities. The market  
5 value of the bond or pledged securities shall at all times be  
6 equal to or greater than the uninsured portion of the deposit  
7 unless the funds deposited are collateralized pursuant to a  
8 system established by the State Treasurer to aggregate  
9 permissible securities received as collateral from financial  
10 institutions in a collateral pool to secure State deposits of  
11 the institutions that have pledged securities to the pool.

12 All securities deposited by a bank or savings and loan  
13 association under the provisions of this Section shall remain  
14 the property of the depository and may be stamped by the  
15 depository so as to indicate that such securities are  
16 deposited as collateral. Should the bank or savings and loan  
17 association fail or refuse to pay over the moneys, or any  
18 part thereof, deposited with it, the officer, board,  
19 commission, commissioner, department, institution, arm or  
20 agency may sell such securities upon giving 5 days notice to  
21 the depository of his intention to so sell such securities.  
22 Such sale shall transfer absolute ownership of the securities  
23 so sold to the vendee thereof. The surplus, if any, over the  
24 amount due to the State and the expenses of the sale shall be  
25 paid to the bank or savings and loan association. Actions may  
26 be brought in the name of the People of the State of Illinois  
27 to enforce the claims of the State with respect to any  
28 securities deposited by a bank or savings and loan  
29 association.

30 No bank or savings and loan association shall receive  
31 public funds as permitted by this Section, unless it has  
32 complied with the requirements established pursuant to  
33 Section 6 of "An Act relating to certain investments of  
34 public funds by public agencies", approved July 23, 1943, as

1 now or hereafter amended.

2 (Source: P.A. 85-257.)

3 Section 20. The Public Funds Investment Act is amended  
4 by changing Section 6 as follows:

5 (30 ILCS 235/6) (from Ch. 85, par. 906)

6 Sec. 6. Report of financial institutions.

7 (a) No bank shall receive any public funds unless it has  
8 furnished the corporate authorities of a public agency  
9 submitting a deposit with copies of the last two sworn  
10 statements of resources and liabilities which the bank is  
11 required to furnish to the Commissioner of Banks and Real  
12 Estate or to the Comptroller of the Currency. Each bank  
13 designated as a depository for public funds shall, while  
14 acting as such depository, furnish the corporate authorities  
15 of a public agency with a copy of all statements of resources  
16 and liabilities which it is required to furnish to the  
17 Commissioner of Banks and Real Estate or to the Comptroller  
18 of the Currency; provided, that if such funds or moneys are  
19 deposited in a bank, the amount of all such deposits not  
20 collateralized or insured by an agency of the federal  
21 government shall not exceed 75% of the capital stock and  
22 surplus of such bank, and the corporate authorities of a  
23 public agency submitting a deposit shall not be discharged  
24 from responsibility for any funds or moneys deposited in any  
25 bank in excess of such limitation.

26 (b) No savings bank or savings and loan association  
27 shall receive public funds unless it has furnished the  
28 corporate authorities of a public agency submitting a deposit  
29 with copies of the last 2 sworn statements of resources and  
30 liabilities which the savings bank or savings and loan  
31 association is required to furnish to the Commissioner of  
32 Banks and Real Estate or the Federal Deposit Insurance

1 Corporation. Each savings bank or savings and loan  
2 association designated as a depository for public funds  
3 shall, while acting as such depository, furnish the corporate  
4 authorities of a public agency with a copy of all statements  
5 of resources and liabilities which it is required to furnish  
6 to the Commissioner of Banks and Real Estate or the Federal  
7 Deposit Insurance Corporation; provided, that if such funds  
8 or moneys are deposited in a savings bank or savings and loan  
9 association, the amount of all such deposits not  
10 collateralized or insured by an agency of the federal  
11 government shall not exceed 75% of the net worth of such  
12 savings bank or savings and loan association as defined by  
13 the Federal Deposit Insurance Corporation, and the corporate  
14 authorities of a public agency submitting a deposit shall not  
15 be discharged from responsibility for any funds or moneys  
16 deposited in any savings bank or savings and loan association  
17 in excess of such limitation.

18 (c) No credit union shall receive public funds unless it  
19 has furnished the corporate authorities of a public agency  
20 submitting a share deposit with copies of the last two  
21 reports of examination prepared by or submitted to the  
22 Illinois Department of Financial Institutions or the National  
23 Credit Union Administration. Each credit union designated as  
24 a depository for public funds shall, while acting as such  
25 depository, furnish the corporate authorities of a public  
26 agency with a copy of all reports of examination prepared by  
27 or furnished to the Illinois Department of Financial  
28 Institutions or the National Credit Union Administration;  
29 provided that if such funds or moneys are invested in a  
30 credit union account, the amount of all such investments not  
31 collateralized or insured by an agency of the federal  
32 government or other approved share insurer shall not exceed  
33 50% of the unimpaired capital and surplus of such credit  
34 union, which shall include shares, reserves and undivided



1 earnings and the corporate authorities of a public agency  
2 making an investment shall not be discharged from  
3 responsibility for any funds or moneys invested in a credit  
4 union in excess of such limitation.

5 (d) Whenever a public agency deposits any public funds  
6 in a financial institution, the public agency may enter into  
7 an agreement with the financial institution requiring any  
8 funds not insured by the Federal Deposit Insurance  
9 Corporation or the National Credit Union Administration or  
10 other approved share insurer to be collateralized by (i)  
11 securities, (ii) mortgages, (iii) letters of credit issued by  
12 a Federal Home Loan Bank, (iv) any class of securities or  
13 other eligible collateral allowed by subsection (a), (b), or  
14 (c) of Section 11 of the Deposit of State Moneys Act (15 ILCS  
15 520/11), by Section 11.1 of the Deposit of State Moneys Act  
16 (15 ILCS 520/11.1), or by Section 1 of the Public Funds  
17 Deposit Act (30 ILCS 225/1), or (v) loans covered by a State  
18 Guaranty under the Illinois Farm Development Act, in an  
19 amount equal to at least market value of that amount of funds  
20 deposited exceeding the insurance limitation provided by the  
21 Federal Deposit Insurance Corporation or the National Credit  
22 Union Administration or other approved share insurer.

23 (e) Paragraphs (a), (b), (c), and (d) of this Section do  
24 not apply to the University of Illinois, Southern Illinois  
25 University, Chicago State University, Eastern Illinois  
26 University, Governors State University, Illinois State  
27 University, Northeastern Illinois University, Northern  
28 Illinois University, Western Illinois University, the  
29 Cooperative Computer Center and public community colleges.

30 (Source: P.A. 91-324, eff. 1-1-00; 91-773, eff. 6-9-00.)

31 Section 99. Effective date. This Act takes effect upon  
32 becoming law."